

## **HIGHLIGHTS OF IHA'S BOARD MEETING HELD ON 27 MARCH 2019**

### **RISK REGISTER**

The Board noted and agreed the contents of the new Risk Register.

### **REGULATORY FRAMEWORK**

The Board noted that the new Regulatory Framework would be effective from 1 April 2019 and also noted the proposed outline process for making the Annual Assurance Statement to the Scottish Housing Regulator by October 2019.

### **GOVERNANCE STRUCTURE AND STANDING ORDERS**

The Board approved the revised Terms of Reference for the Audit and Risk Committee and the Managing Director.

The Board approved the revised Standing Orders.

### **CUSTOMER INVOLVEMENT**

The Board approved the Customer Involvement Policy Statement and also the Customer Involvement Strategy 2019/20.

### **PROCUREMENT POLICY**

The Board approved adoption of Group's Procurement Policy.

### **OPERATIONAL KPI's 2019/20**

The Board commented on the proposed KPIs for 2019/20, subject to the incorporation of additional KPIs in relation to repairs performance and tenancy turnover.

### **PERFORMANCE REPORT**

The Board noted the content of the summary financial and operational performance reports.

## MD REPORT

Board noted the updates in relation to future development opportunities, the Drongan office and peer liaison.

## TREASURY UPDATE

The Board noted that a Special Board Meeting would be arranged in April in order to consider the proposed amendments to the Association's loan agreement and also the revised Financial Plan.

## BREXIT

The Board noted an update on the key considerations which were taking place in order to mitigate the potential effects of BREXIT.

## LOAN PORTFOLIO RETURN

The Board noted the content of the Loan Portfolio Return which had been submitted to the Scottish Housing Regulator.

## TENANT SCRUTINY REPORT

The Board noted the findings of the Tenant Scrutiny Panel report on our Customer Experience and progress against the improvement action plan.

## FORMAL REGISTERS

The Board noted the entries in the Declaration of Interests, Fraud and Loss, Gifts and Hospitality and Grant of Benefits Registers and authorised them to be signed off by the Chair.

**THE RIVERSIDE GROUP LIMITED**

**IRVINE HOUSING ASSOCIATION**

Two Hundred and Twenty Eighth Meeting of the Board held at 5.30p.m. on  
Wednesday 27 March 2019 at 44-46 Bank Street, Irvine, Ayrshire

**Minutes**

Present: Mr D. McEachran (In the Chair), Mr C. Bell, Mrs M. Burgess, Ms M. Crearie, Mr G. Darroch, Mrs J. Galbraith, Mr R. Hill (by telephone), Ms C. McGuinness, Mrs J. Murray and Mr D. Thornton (by telephone)(From Item 5).

In attendance were Mr P. Hillard, Mrs H. Anderson, Mrs D. Boyle and Mrs M. Hutchinson.

Apologies for Absence  
None.

Declarations of Interests  
None.

1. **Minutes of Previous Meeting – 227<sup>th</sup> Board Meeting held on 30/1/19**

The minutes of the 227<sup>th</sup> Board Meeting were noted and approved.

2. **Matters Arising from the Previous Minutes**

There were no matters arising.

### 3. **Risk Register**

Mr P. Hillard advised that the Risk Register presented was now in line with Group's reporting processes. The Audit & Risk Committee had reviewed the Risk Register at its recent meeting and had suggested some changes which had been incorporated.

Risk 2 – was now Customer Service. This risk had previously been named Target Operating Model and had a lower score. It had been discussed that the risk was no longer the Operating Model but more the reduction in Customer Satisfaction, which was why the risk had been rescored.

Risk 3 – some text around the BREXIT risk to the Association as a Scottish housing association had been amended.

Risk 8 – required some discussion on the appropriateness of Riverside Performance as a key risk

Risk 11 and 12 – it may be appropriate that these risks at some point in the future following the next temperature check with staff and following the gathering of evidence to support the Association's compliance with the Scottish Social Housing Charter.

The Board thereafter discussed the appropriateness of the Riverside Performance being on the key Risk Register, given the impact this could have to the business, whilst recognising the low likelihood of this ever happening. The Board thereafter agreed that the Risk should be removed from the Register, however, they would continue to monitor Group's performance through monitoring of customer service KPIs, discussion at Strategy Days, having visibility of Groups statement of Internal Controls and through Group-wide Audit Reports.

After full consideration, the Board noted and agreed the contents of the Risk Register.

### 4. **Regulatory Framework**

Mr P. Hillard advised that following discussion at the Audit & Risk Committee meeting, it had been agreed that Internal Audit would have an involvement in the process and it was therefore intended that when Board were presented with the evidence to support making the Assurance Statement that an Internal Audit report on the information would also be presented to sit alongside the evidence.

The Board enquired if there would staff be trained on self-assessment techniques. Mr Hillard advised that it was not currently envisaged that staff training would be required.

Further to a query from Board, Mr Hillard confirmed that the Board would be presented with all relevant information at the September Board Meeting and a Meeting would be arranged in October for Board to then agree the Assurance Statement for submission to the Scottish Housing Regulator, giving Board Members sufficient time to digest all the evidence gathered.

The Board noted the proposed outline process for making the Annual Assurance Statement to the Scottish Housing Regulator.

## 5. **Governance Structure and Standing Orders**

Mr Hillard advised that the Audit & Risk Committee had considered the draft Terms of Reference for the Committee which had been reviewed to reflect the new approach to Risk Management within Group. The Terms of Reference for the Managing Director had also been reviewed to ensure they took account of the Association's relationship with Group and also to clarify decision-making roles with the organisation.

The Board also noted that the Standing Orders has also been updated to reflect the changes to the Governance Structure which Board had agreed last year. Mr Hillard highlighted that the Association's governance processes would be reviewed and refined as part of the compliance assessment process.

The Board thereafter:

- a) Approved the revised Terms of Reference for the Audit & Risk Committee and also the Managing Director.
- b) Approved the revised Standing Orders.

Mr Hillard highlighted that following approval of the Terms of Reference for the Audit & Risk Committee, the membership of the Committee would now be reviewed as part of the appraisal process, with proposals for Committee membership being made at the May Board Meeting.

## 6. **Customer Involvement**

Mrs M. Hutchinson advised that the Association's customers and staff had been consulted as part of the development of the Customer Involvement Strategy. As part of this process, it had become apparent that customers wanted to be kept in touch through different methods of communication. It was therefore recommended that both digital and non-digital forms of communication would be used.

Mrs Hutchinson advised that subject to the Strategy being approved, an action plan would then be developed that would involve all staff in all parts of the business.

The Board enquired on benchmarking customer satisfaction with other organisations with a view to learning best practice. A discussion following on the ways in which peers collected customer satisfaction information. Mr Hillard highlighted that the Association would be moving to a different approach of extracting customer satisfaction information. This may initially provide reduced satisfaction levels, however, it was better to have a more accurate starting point. Improving Customer Satisfaction was the biggest Group-wide priority for improving this year. Mr Hillard added that the Association's involvement in the G7 benchmarking group was likely to provide opportunities for honest conversations around customer satisfaction and opportunities for learning from them moving forward.

The Board enquired on other methods of communication as well as the customer panel. Mrs H. Anderson confirmed that it was intended that links with registered tenant organisations would be strengthened to ensure input at local levels.

The Board enquired if the bulk of customer dissatisfaction came from the repairs service and if this was what peers were experiencing too. Mr Hillard advised that most dissatisfaction was around repairs and this was common across landlords.

The Board enquired if the Association asked the question of how the Association could improve. Mr Hillard confirmed that it did. He advised of a perception that the Association charged high rents and did not invest in its stock. This was not felt like a true reflection of the Association's work, however, there was some work to do to address this perception.

Following a query from Board, Mrs Hutchinson advised that subject to approval of the Customer Involvement Strategy, the action plan would then be developed and finalised at a meeting which had been arranged for mid-April.

The Board thereafter:

- a) Approved the draft Customer Involvement Policy Statement
- b) Approved the Customer Involvement Strategy 2019-20.

## 7. **Procurement Policy**

Mrs H. Anderson advised that given the planned expenditure on the Association's stock in the next 10 years, it was appropriate for the Association to adopt Group's approach to procurement process in order to achieve best value for customers. She advised that the Asset Manager had been liaising with Group in relation to the Association's planned works for 2019/20 and beyond.

The Board thereafter approved the adoption of Group's Procurement Policy which would be implemented with immediate effect.

8. **Operational KPIs 2019/20**

Mrs H. Anderson stated that the increased number of KPI's had been developed in liaison with Group and were reflective of the Group-wide focus on improving customer service. Mrs Anderson highlighted that there were 16 KPI's proposed and not 20, as stated in the paper. Mrs Anderson stated that it was proposed to remove the Net Promoter Score and replace this with a range of KPI's on customer satisfaction relating to specific areas of the business.

The Board noted that some of the suggested KPIs were perceived satisfaction which was not reflective of actual performance. They requested that specific KPIs regarding repairs performance and tenancy turnover were incorporated within the report. The Board also suggested that staff turnover was also another good indicator of the internal health of the business. Mr P. Hillard advised that information on staff turnover was incorporated in the staffing report which was added to the REX quarterly for Board's information. A report in this regard would shortly be posted on the REX.

The Board thereafter noted and agreed the new KPIs for 2019/20, subject to the incorporation of the additional KPIs which had been requested.

9. **Performance Report**

Mrs M. Hutchinson reported a £2.7m surplus and 44% operating margin at year end which were favourable variances when compared to forecast.

Mrs H. Anderson stated that although the arrears had increased since the previous reduction due to the rent free weeks at December, the rate of increase had been slower when compared with the previous year. Following a query from Board, Mrs Anderson advised that the Association was starting to see the benefit of Housing Officers early involvement in arrears cases, particularly at the outset of customers moving on to Universal Credit.

The Board were pleased to note the positive result in relation to the Former Tenant Arrears KPI's. Mrs Anderson confirmed that the central team within Group had responsibility for the pursuit of these arrears.

The Board enquired on current factoring levels. Mrs Anderson undertook to report back on this matter. Mr Hillard advised that the payment rate of charges had not improved. The Association was able

to claim these charges back from the proceeds of a house sale when the owner sold their property.

The Board suggested that some consideration be given to the narrative of the Association's financial reports this year to combat the perception that the Association's surpluses were increasing and customer satisfaction was reducing. Mrs Hutchinson undertook to give this matter consideration.

The Board thereafter noted the content of the summary financial and operational performance reports.

10. **MD Report**

Mr P. Hillard gave his report on the following key items of significance to the Association:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

11. **Treasury Update – Business Plan**

Mrs M. Hutchinson gave a presentation on the current position in relation to the negotiations with the Association’s funders Lloyds regarding reviewing the terms of the current loan agreement.

Mrs Hutchinson advised that based on the update she had received from Group Treasury, the amendments which were due to be made to the Association’s current facility were currently being factored into the proposed Financial Plan.

[REDACTED]

[REDACTED]

[REDACTED] Mrs Hutchinson then ran through some scenario planning

[REDACTED]

[REDACTED]

Mrs Hutchinson stated that a Special Board Meeting would be arranged in April for Board to consider the terms of the changes to the loan agreement and also the Financial Plan.

12. **BREXIT**

Mrs C. McGuinness updated the Board on the key considerations which Group had factored in in order mitigate the potential effects of BREXIT.

Mr Hillard advised on the potential for negotiations with builders regarding the sale of properties given the current uncertainty affecting the market.

13. **Loan Portfolio Return**

The Board noted the content of the Loan Portfolio Return which had been submitted to the Scottish Housing Regulator.

14. **Tenant Scrutiny Report**

The Board reviewed and noted the findings of the Tenant Scrutiny Panel report on our Customer Experience and progress against recommendations for improvement.

15. **Formal Registers**

The Board:

a) noted the entries in the following Registers:

- Declaration of Interests
- Fraud and Loss
- Gifts and Hospitality
- Grant of Benefits

b) Authorised the Chairman to sign off the Registers

c) Noted the electronic version of the Board Members' Declaration of Interests Register to be published on the Association's website.

16. **Unconfirmed Minutes**

The Board noted the contents of the:

- Minutes of Group's Neighbourhood Services Committee Meeting held on 10 January 2019
- Core Brief for Group's Board Meeting held on 17 January 2019
- Minutes of the Audit & Risk Committee Meeting held on 13 March 2019.

17. **Date of Next Meeting**

Board Meeting – 5.30 p.m. Wednesday 29 May 2019, 44-46 Bank Street,  
Irvine.

P. Hillard  
Secretary  
28 March 2019  
PH/db

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